

FUND FLOW REPORT

(Week ended 12 January 2024)

Fed to consider rate cuts by Mar-24?

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FED TO CONSIDER RATE CUTS BY MAR-24?
A. MARKET SNAPSHOT

- The release of the United States' consumer price index (CPI) was among the most watched economic releases last week which saw the Dec-23 figure accelerating by +3.4%yoy (Nov-23: +3.1%yoy), the fastest in three months and higher than market expectations of +3.2%yoy. Excluding volatile items, the core inflation eased further to +3.9%yoy (Nov-23: +4.0%yoy), albeit still marginally higher than market expectations of +3.8%yoy but still the lowest reading since May-21.
- Another release saw the labour market continue to show resilience as the initial jobless claims for the week ended 6 January 2024 fell to +202K (previous week: +203K), well under market expectations for an increase to +210K. Despite the increase in headline inflation, the broad moderation in core inflation supports the case for no more rate hikes by the Federal Reserve.
- The first cut in Fed funds rate according to the CME FedWatch Tool is expected to take place in the Mar-24 meeting, with a 76.9% probability rate for a 25bps cut. There is a 94.9% probability that the Fed will maintain its rates in the upcoming meeting on Jan 31.
- Despite that, the Fed's Bank of Cleveland President Loretta Mester remarked that it was premature to consider rate cuts as soon as the Mar-24 meeting as the Dec-23 CPI showed that there was more work to do. Chicago Fed President Austan Goolsbee voiced the same sentiments.
- A total of 12 out of 20 global indices that we monitor rose during the week. Topping the list were Nikkei 225 (+6.59%), the Nasdaq Composite Index (+3.09%) and the S&P500 (+1.84%). The top three decliners were South Korea's KOSPI (-2.06%), Hong Kong's Hang Seng Index (-1.76%) and the Jakarta Composite Index (-1.49%).
- European Central Bank (ECB) President Christine Lagarde said interest rates would be slashed if the ECB is certain that inflation has fallen to the +2.0% level. On the battle against inflation, she remarked that "the hardest part is behind us".
- Retail sales in the Euro area contracted by -1.1%yoy in Nov-23, marking 14-consecutive months of decline but better than market forecasts of -1.5%yoy. Sales of food, beverages and tobacco declined softer by -0.7%yoy (Oct-23: -1.2%yoy). Meanwhile, sales for non-food returned to contraction rate at -0.2%yoy (Oct-23: +0.2%yoy).
- In Australia, retail sales accelerated +2.2%yoy, the highest in five months. This was mainly attributed to the increase in sales of household goods. The growth of household goods accelerated by +0.5%yoy in Nov-23, the first growth after one-year straight of contraction.
- Taiwan's exports grew by +11.8%yoy in Dec-23, the fastest expansion since Jul-22 and significantly exceeded market expectations of +4.9%yoy. Exports of machinery & electrical equipment which accounted for more than 70% of total exports expanded by +18.8%yoy, the fastest pace in 4-month. By destination, exports to China which represent 20.7% of total overseas sales plunged by -11.5%yoy, the sharpest contraction in 3-month.
- Indonesia's retail sales grew by +2.1%yoy in Nov-23 (Oct-23: +2.4%yoy). The sales growth of food, beverage & tobacco expanded by +2.6%yoy (Oct-23: +2.9%yoy). Meanwhile, the sales of motor vehicles parts & accessories rose by +10.8%yoy (Oct-23: +11.0%yoy).
- Malaysia's labour market continued improving as the unemployment rate registered a new post-pandemic low of

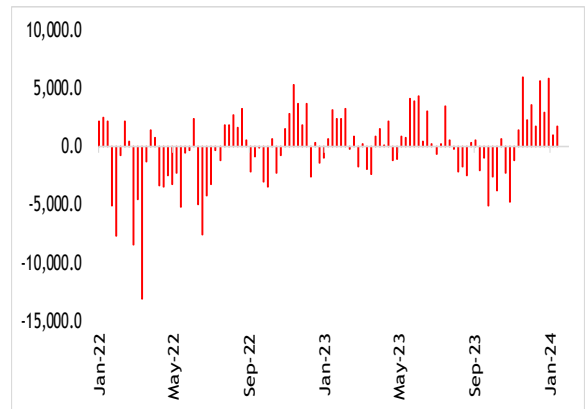
Table 1 Weekly Performance of Global Benchmark Indices (%)		
Index	Last Price	Change (%)
Nikkei 225	35,577.11	6.59
Nasdaq	14,972.76	3.09
S&P 500	4,783.83	1.84
Sensex	72,568.45	0.75
DAX 40	16,704.56	0.66
CAC 40	7,465.14	0.60
Dow Jones	37,592.98	0.34
Straits Times	3,191.72	0.23
PSEi	6,643.18	0.20
ASX 200	7,498.28	0.12
Stoxx Europe 600	476.76	0.08
Ho Chi Minh VSE	1,154.70	0.00
FBM KLCI	1,487.34	-0.02
TAIEX	17,512.83	-0.04
FTSE 100	7,624.93	-0.84
SET	1,413.53	-1.01
Shenzhen CSI 300	3,284.17	-1.35
JCI	7,241.14	-1.49
Hang Seng	16,244.58	-1.76
KOSPI	2,525.05	-2.06

Source: Bloomberg

3.30% in Nov-23. The jobless rate was recorded at 3.23% in Jan-20 and 3.31% in Feb-20. The labour market in Malaysia is expected to strengthen further in 2024 and 2025, backed by encouraging momentum in the domestic economy and recovery in external trade.

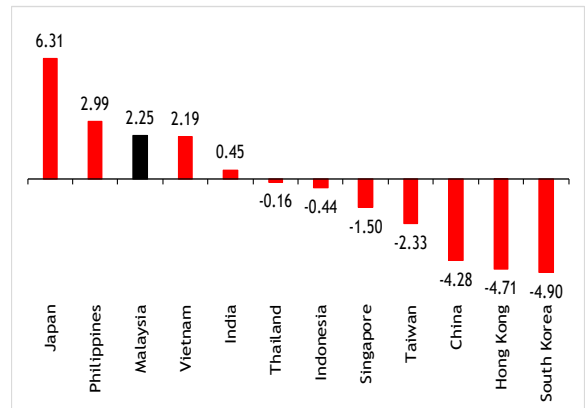
- Malaysia’s distributive trade posted a growth of +6.2%yoy in Nov-23, the slowest expansion rate since Jul-23. On month-on-month basis, non-seasonally adjusted distributive trade inched up by +0.2%. By component, sales of motor vehicles continued its strong momentum growing by +12.7%yoy, wholesale trade rose by +6.2%yoy and retail sales improved by +4.4%yoy.
- Meanwhile, the country’s IPI growth slowed to 0.6%yoy in Nov-23 (Oct-23: +2.4%yoy), mainly due to weaker output in the manufacturing sector.
- The Ringgit appreciated against the US Dollar by +0.16% to close at RM4.6477 on Friday. The Brent crude oil price declined -8.02% to USD78.29 per barrel while the crude palm oil price rose +4.69% to RM3,843.00 per tonne.

Chart 1 Net Foreign Fund Flows into Equity in 8 Asian Markets Since Jan-22 (USD'm)



Sources: Bloomberg & MIDFR

Chart 2 YTD Performance of Asian Benchmark Indices (%)



Sources: Bloomberg & MIDFR

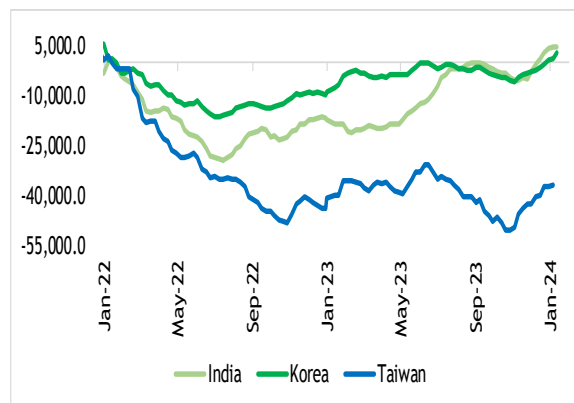
B. TRACKING MONEY FLOW - ASIA

- For the tenth week in a row, foreign funds were collectively invested in the eight Asian equity markets we observed, with a significant portion originating from South Korea. Indonesia, Taiwan, and the Philippines were among the countries experiencing inflows, while the remaining countries witnessed outflows.
- South Korea registered the highest net foreign inflow of USD1.61b, marking its tenth consecutive week of positive inflows. Most of the inflow occurred on Thursday (USD1.80b) when the Bank of Korea maintained its benchmark interest rate, extending its focus on controlling inflation into the new year. The seven-day repurchase rate was kept at 3.5% by the South Korean central bank. Market participants are growing more speculative, anticipating a potential shift later in the year to alleviate pressures on credit markets and economic growth.
- Indonesia recorded the second-highest net foreign inflow at USD206.0m, extending its streak of positive inflows for the fifth consecutive week. According to a Reuters poll of economists, it is anticipated that Bank Indonesia (BI) will maintain its key interest rate at 6.00% on Wednesday and through the third quarter, citing inflation within the central bank’s target and priority of ensuring rupiah stability. Dec-23’s inflation, at +2.61%, exhibited a more significant decline than anticipated and has consistently remained within BI’s 2023 target range of +2.0% to +4.0% for the past seven months.
- Foreign investors have resumed their buying activity in Taiwan, with a purchase of USD155.8m, following a brief period of net selling in the previous week. Between CY16-CY23, Taiwan experienced an annual average GDP growth of +3.17%, exceeding the global average. This is mainly credited to an investment boom, according to the Directorate General of Budget, Accounting, and Statistics (DGBAS), which disclosed statistics on Thursday, coinciding with the day witnessing the highest inflow, after conducting a thorough review of Taiwan’s economic data over the past few decades.
- The Philippines was the only other country with a net inflow, totalling USD47.1m, marking its third consecutive week of positive inflows. The World Bank’s Global Economic Prospects report for Jan-24 indicates that economic growth in the Philippines is anticipated to outpace that of CY23, projected at +5.8% compared to an estimated +5.6% last year. While this forecast falls below the government’s target, the Philippines is expected to be the fastest growing economy in Southeast Asia, alongside Cambodia, which is also projected to achieve a +5.8% growth rate this year.
- Thailand recorded a net foreign outflow of -USD120.8m, marking an outflow for the past two consecutive weeks. The Prime Minister of Thailand is pressing the central bank to contemplate lowering borrowing costs as a means to

support the economy, revealing a potential discord between fiscal and monetary policymakers. The Bank of Thailand opted to keep its policy rate steady at 2.5% in Nov-23, with a scheduled policy review on February 7. Thailand's economic recovery from the pandemic has been sluggish, prompting the Prime Minister's initiative to accelerate the growth pace to +5.0%.

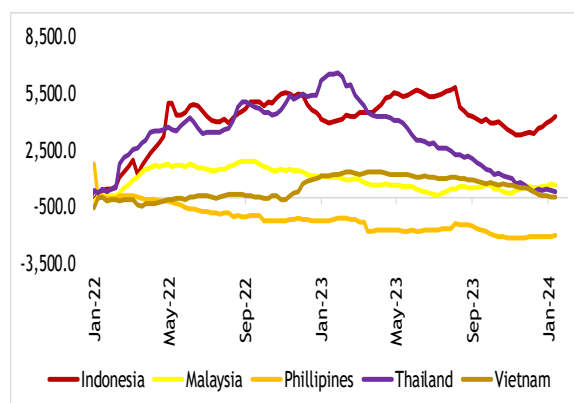
- Foreign investors turned into net sellers of Indian equities, with a value of -USD109.6m, marking a shift after six consecutive weeks of net buying. India's annual retail inflation increased to +5.69% in Dec-23 from the previous month's +5.55%, primarily driven by a notable rise in the prices of vegetables, pulses, and spices. The CPI recorded an inflation rate of +5.72% in Dec-22 and reached a peak of +6.83% in Aug-23.
- Vietnam registered a net foreign outflow of -USD17.0m, representing an outflow for the past two consecutive weeks. The daily outflow has persisted since the beginning of the year following Vietnam's economic growth of +5.05% in CY23, falling short of the government's official target of +6.5%. The Southeast Asian export hub faced challenges due to a slowdown in overseas demand. Nevertheless, foreigners were observed shifting to net buyers starting from Thursday, with a growing consensus among various sources anticipating the economy to expand by at least +6.0% this year.

Chart 3 Net Foreign Fund Flows into North Asia and India Since Jan-22 (USD'm)



Sources: Bloomberg & MIDFR

Chart 4 Net Foreign Fund Flows into Southeast Asia Since Jan-22 (USD'm)



Sources: Bloomberg & MIDFR

Table 2 Net Foreign Fund Flows into Equity by Market (USD'm)

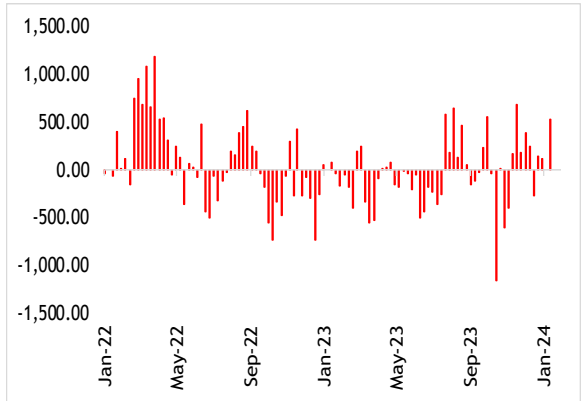
Period	India	Indo	Korea	M'sia	Phil	Taiwan	Thai	Viet	Total
MTD (Jan-24)	464.0	391.1	1,805.9	93.0	71.8	111.5	-180.5	-58.1	2,698.6
2Q23	12,492.0	644.8	2,474.7	-506.4	51.0	3,277.1	-1,461.2	-265.5	16,706.5
3Q23	5,382.2	-1,399.9	-1,635.9	488.1	-261.9	-13,427.4	-1,419.8	-331.9	-12,606.4
4Q23	6,069.0	-43.6	4,396.8	-72.7	-134.1	9,113.0	-980.6	-681.3	17,666.5
QTD (1Q24)	464.0	391.1	1,805.9	93.0	71.8	111.5	-180.5	-58.1	2,698.6
YTD	464.0	391.1	1,805.9	93.0	71.8	111.5	-180.5	-58.1	2,698.6

Source: Respective stock exchange statistics as reported on Bloomberg. These figures are subject to revisions.

C. TRACKING MONEY FLOW - MALAYSIA

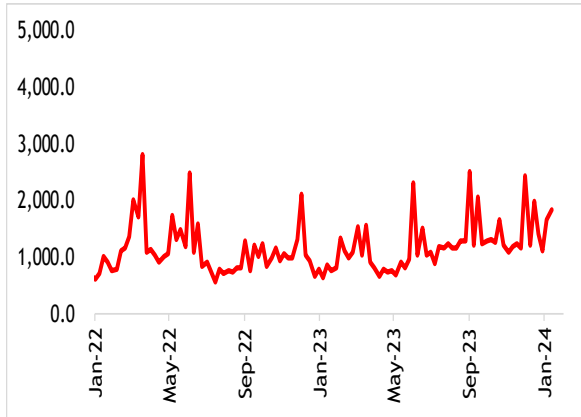
- Foreign investors switched to being net sellers on Bursa Malaysia, ending a four-week streak of net inflows, with a value of -RM93.1m. Every trading day saw net selling, except for Monday when foreigners bought RM29.8m, with inflows observed in stocks like Public Bank (RM42.2m), Sime Darby (RM29.4m), and YTL Power (RM28.6m).
- The top three sectors with the highest net foreign inflows were Utilities (RM181.4m), Construction (RM67.0m), and Energy (RM51.8m). Meanwhile, the sectors with the highest net foreign outflows were Consumer Products & Services (-RM241.2m), Transportation & Logistics (-RM103.7m), and Industrial Products & Services (-RM99.0m).
- Local institutions continued as net sellers for the third consecutive week, with a total of -RM141.6m. The Technology sector witnessed the highest net outflows from this investor group, amounting to -RM122.6m.
- Local retailers continued to be net sellers of domestic equities, amounting to -RM10.0m, although at a significantly slower pace compared to the previous week's -RM383.3m.
- In terms of participation, there were increases in average daily trading volume (ADTV) among local retailers (+2.6%), local institutions (+3.4%), and foreign investors (+10.6%).

Chart 5 Net Foreign Fund Flows into Malaysian Equity Since Jan-22 (RM'm)



Sources: Bursa Malaysia & MIDFR

Chart 6 Daily Average of Foreign Participation in Bursa Malaysia for the Week (RM'm)



Sources: Bursa Malaysia & MIDFR

Table 3 Bursa Malaysia: Market Participation (RM'b)										
Period	Local Retail			Local Institution			Foreign			*Net (USD'b)
	Bought	Sold	Net	Bought	Sold	Net	Bought	Sold	Net	
MTD (Jan-24)	8.05	8.44	-0.39	13.16	13.20	-0.04	8.13	7.70	0.43	0.09
2Q23	29.03	28.65	0.37	46.57	44.61	1.96	29.49	31.81	-2.33	-0.51
3Q23	34.89	35.98	-1.09	54.18	55.32	-1.14	42.77	40.54	2.23	0.49
4Q23	35.65	36.00	-0.35	56.14	55.42	0.72	44.33	44.71	-0.38	-0.07
QTD (1Q24)	8.05	8.44	-0.39	13.16	13.20	-0.04	8.13	7.70	0.43	0.09
YTD	8.05	8.44	-0.39	13.16	13.20	-0.04	8.13	7.70	0.43	0.09

Source: Daily statistics provided by Bursa Malaysia. *Estimated by MIDFR based on the prevailing exchange rates.

D. NET INFLOWS AND OUTFLOWS BY STOCK (WEEK ENDED 12 JANUARY 2024)
Table 4 Top 10 Stocks with Inflows and Outflows for the Week by Investor Class (RM'm)

LOCAL RETAIL		LOCAL INSTITUTION		FOREIGN	
Top 10 Stocks with Weekly Net Inflows					
Company	Value	Company	Value	Company	Value
Capital A	34.5	UMW Holdings	121.8	YTL Power Int.	175.7
Apollo Food Holdings	20.1	Malaysia Airports	112.7	Public Bank	68.0
Iskandar Waterfront	18.6	Press Metal	46.7	Sime Darby	40.5
My E.G. Services	17.4	Tenaga Nasional	44.6	Frontken Corp.	38.4
Petronas Chemicals	17.4	Sunway	40.4	Kossan Rubber	37.1
UEM Sunrise	15.8	Nestle (Malaysia)	26.8	Dayang Enterprise	32.7
Genting Malaysia	15.1	Kuala Lumpur Kepong	24.5	CIMB Group Holdings	30.7
Malayan Banking	15.0	KPJ Healthcare	19.2	Gamuda	30.3
S P Setia	14.0	Padini Holdings	19.0	IHH Healthcare	30.1
RHB Bank	10.4	Hong Leong Bank	17.7	Pentamaster Corp.	27.3
Top 10 Stocks with Weekly Net Outflows					
Company	Value	Company	Value	Company	Value
YTL Power Int.	-44.8	YTL Power Int.	-127.0	Malaysia Airports	-109.3
Tenaga Nasional	-34.8	Sime Darby	-47.0	UMW Holdings	-94.0
YTL Corp.	-26.0	My E.G. Services	-46.5	Sunway	-44.2
Genting	-22.4	Dayang Enterprise	-42.2	Genting Malaysia	-43.5
Public Bank	-21.6	Pentamaster Corp.	-41.0	Inari Amertron	-42.9
Ekovest	-16.7	Public Bank	-37.6	Press Metal	-42.0
Affin Bank	-16.3	CIMB Group Holdings	-32.3	Capital A	-34.2
Inari Amertron	-14.8	IHH Healthcare	-29.3	UEM Sunrise	-30.2
Kossan Rubber	-14.7	Malayan Banking	-27.5	Petronas Chemicals	-28.9
Frontken Corp.	-11.2	D & O Green Tech.	-22.0	Top Glove Corp.	-23.5

Source: Dibots (based on the data provided by Bursa Malaysia).

Appendix: Foreign Shareholdings of the Companies Under Our Coverage as at Dec-23 (%)

Company	%	YTD %	Company (cont'd)	%	YTD %	Company (cont'd)	%	YTD %
Automotive			Padini	8.3	-12.6	Suria Capital	5.7	-9.5
Bermaz Auto	12.4	-22.0	QL Resources	9.7	-4.9	Westports Holdings	27.1	-1.5
MBM Resources	0.8	-52.9	Rhong Khen International	62.3	0.2	Property		
Tan Chong	10.6	-1.9	Spritzer	14.3	-22.7	Eco World	29.3	1072.0
UMW Holdings	5.6	1.8	Gloves			Glomac	4.1	-2.4
Aviation			Hartalega	15.1	-19.7	IOI Properties	4.7	23.7
Capital A	15.0	-18.5	Kossan	10.8	-6.1	Mah Sing	18.7	31.7
Malaysia Airports	25.8	31.0	Top Glove	29.1	-10.5	Matrix Concepts	10.6	-
Banking			Healthcare			S P Setia	14.3	130.6
Affin Bank	26.1	-0.8	IHH Healthcare	49.5	-0.6	Sunway	5.4	3.8
Alliance Bank	19.6	-10.5	KPJ Healthcare	10.1	71.2	UOA Development	3.6	-5.3
AMMB Holdings	39.0	-2.3	Pharmaniaga	0.4	-66.7	REITs		
Bank Islam	0.6	-70.0	Logistics			Al-'Aqar Healthcare	0.6	50.0
CIMB Group	31.1	3.0	CJ Century	57.9	0.9	Axis REIT	15.3	-4.4
Hong Leong Bank	10.4	-6.3	Swift Haulage	13.2	1.5	IGB REIT	3.6	-25.0
Hong Leong Financial	31.1	-4.3	Tasco	66.2	0.5	KLCCP Stapled	0.7	-22.2
Malayan Banking	19.2	7.3	Non-bank Financials			Pavilion REIT	33.0	-2.9
Public Bank	27.1	-2.2	Bursa Malaysia	14.3	-9.5	Sunway REIT	4.7	-39.0
RHB Bank	14.7	-14.5	AEON Credit	68.3	-3.0	Solar EPCC		
Building Materials			Oil & Gas			Pekat	1.2	-
Cahaya Mata Sarawak	7.0	-20.5	Bumi Armada	13.0	-22.6	Samaiden	11.4	-
Malayan Cement	4.9	75.0	Deleum	4.2	40.0	Sunview	9.7	-
Conglomerate			Dialog	19.3	-7.2	Technology		
YTL Corporation	24.5	36.9	Gas Malaysia	20.2	2.0	D & O Green Tech	35.3	-0.3
Construction			MMHE	8.3	-12.6	Datasonic	6.0	1.7
Gamuda	24.8	47.6	Petronas Chemicals	8.7	-16.3	Globetronics	2.8	-30.0
IJM Corp	14.3	22.2	Petronas Dagangan	7.4	-2.6	Inari Amertron	19.8	8.2
KKB Engineering	0.3	0.0	Petronas Gas	10.0	6.4	My E.G. Services	13.8	-3.5
MRCB	8.0	-4.8	Plantation			Unisem	2.2	-4.3
Pintaras Jaya	0.2	-60.0	FGV Holdings	4.0	-4.8	Telecommunication		
Sunway Construction	1.8	38.5	Genting Plantations	4.7	-13.0	Axiata	10.1	-9.0
WCT Holdings	6.8	19.3	IOI Corp	10.9	-1.8	CelcomDigi	60.0	0.7
Consumer			KL Kepong	14.0	4.5	Maxis	7.8	11.4
AEON Co.	54.1	-1.3	PPB Group	21.2	-0.9	Telekom Malaysia	11.9	-4.0
Asia File	3.6	-37.9	Sarawak Plantation	2.6	13.0	Utilities		
Fraser & Neave	61.3	0.7	Sime Darby Plantation	9.7	-2.0	Ranhill Utilities	11.4	-64.7
Hup Seng Industries	1.9	0.0	Ta Ann	13.7	-2.1	Tenaga Nasional	13.5	8.9
Leong Hup	10.4	-14.8	TSH Resources	19.4	-8.1	YTL Power	11.0	96.4
MSM Malaysia	2.0	11.1	Port & Shipping					
Nestlé (Malaysia)	82.2	-0.5	MISC	9.4	3.3			

Source: Dibots (estimated from the latest half yearly filings by PLC to Bursa Malaysia and calculated by the demography movement daily).

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